

# Distributor Rules of the Company PM-International AG (PM), dated July 2017



General Ordering, Delivery, Business and Payment Terms and Conditions of PM-International Nutrition and Cosmetics, Inc. (hereafter referred to as PM-International). PM-International decides on the acceptance or rejection of the application. In case of rejection you are informed in writing within 14 days.

## 1. Ordering, Delivery, Payment and Shipping Terms and Conditions

- a) Each business partner orders directly from PM-International or a branch of PM-International stating his/her business partner number. Available delivery methods are United Parcel Service and Federal Express, as well as the United States Postal Service for small shipments. The business partner may pay by Credit Card (Visa, MasterCard, American Express, Discover), or check by phone (cancelled check and signed application form required). PM-International reserves the right to request prepayment from individual business partners.
- b) There is no minimum purchasing quantity. Shipping Costs: The terms and conditions set forth in most current price lists are applicable. Cancellation terms for ticket sales or registrations for training sessions and events are set forth for each individual event.
- c) Product returns must be accompanied by a written statement detailing the reasons for the return and a copy of the appropriate PM invoice (from PM to the business partner). Nutritional supplements may be returned within 30 days of the date of the invoice and cosmetics may be returned within 90 days of the date of the invoice. In individual cases, the return period for nutritional supplements may be extended to 45 days from the date of the invoice. This goodwill provision is applicable only if the end customer returns a product to the business partner on the last day of the 30 day return period and therefore it is not possible for the business partner to meet the 30 day return period towards PM! An exchange or return of products without stated reason is possible within the 30 day return period for a nominal fee of 5% of the product value. Complaints about commission payments must be made within 90 days of preparation of the commission statement in order to be considered. Sales aids and promotional items are non-returnable. Product returns must be accompanied by a written statement detailing the reasons for the return and a copy of the appropriate PM invoice (from PM to the business partner).  
If a Team partner lives in a state that has a mandatory refund policy that deviates from the one set forth above, that state's refund policy shall supersede the one set forth above and shall form a part of this document as if it were written herein. Returns with insufficient postage cannot be accepted by PM-International. In the case of a justified return, the standard postage for the return shipment will be refunded. Refunds that are issued will be credited back to payment method used to make the purchase. When a credit is made in the form of a product voucher, it may be used on any subsequent order within a one-year period. The refund voucher may not be used towards purchases of sales aids or promotional items.
- d) Should the business partnership end before a voucher has been redeemed, the equivalent money value will be paid upon request. Bonuses and commissions paid towards the product value and a processing fee of 10% will be subtracted from the payment at that time.

## 2. Legal Status

- a) Every business partner operates his/her own PM-International business as an independent contractor; he or she is not an employee of and does not act on behalf of PM-International. He/she is therefore personally responsible for all fiscal obligations resulting from his/her income. The business partner does not have any rights to exclusivity, neither regarding his geographical sales territory nor regarding the products sold to his/her customers. PM-International products are distributed solely using direct sales. Thus, sales in retail stores, markets and at conventions are prohibited. The business partner must verifiably sell at least 70% of his/her products to end customers. Product sales to other business partners outside of his/her own group is prohibited.
- b) Only official PM-International documents may be used as sales aids. The use of personal sales aids requires written authorization by PM-International. Sales of and advertising for PM-products over the Internet is only permitted through the official web pages of PM-International. The offering of PM-products on other web pages, through other electronic purchasing systems, or through auction systems or similar systems is not permitted!
- c) Contracts, agreements and arrangements whose main or partial concern are PM product lines or the PM sales system must be approved in writing by PM-International.
- d) The following also require written authorization by PM-International:
  - publications and advertisements which contain images of PM-International products
  - the use of the names "PM Cosmetics", "PM-International", "Laurent Cristanel", "FitLine", "BeautyLine", etc. on print, imaging or acoustic media or any other medium that may be used for print, imaging, or acoustic media published by PM-International in training materials and electronic systems or similar systems
- e) Spouses may each operate separate businesses using their own business partner number. It is important to note that in such a case, one or the other spouse must be registered as direct or primary line of the other spouse. Children of legal capacity, living within the same household, also may only (within the organization of their parents) be registered as direct line of one of their parents.
- f) Each consultant may only register once. A renewed registration (under consideration of point 4.) is only possible after cancellation and deletion of the previous registration.
- g) Every business partner has to renew his business partner number once a year. The renewal fee will be \$ 50

## 3. Competition

Under no circumstance, should a business partner ever distribute or sell competitors' products or services to other PM-International business partners. Moreover, he/she may never procure new PM-International business partners for the distribution or sale of third-party products.

## 4. Sponsor Line Protection

- a) The principle of PM-International is the adherence to and protection of the sponsor's line. A business partner, who has cancelled his/her business partnership or has had his business partnership deleted as a result of inactivity (12 months without personal sales), may only be re-accepted if he/she reapplies and (a) is being sponsored by his/her former sponsor or the latter's upline or (b) a minimum of 12 months have passed since cancellation or deletion of the previous partnership.
- b) Sponsor line protection also applies to customers in the Customer-Direct-Program (as set forth in 4.) Customers will be deleted as a result of inactivity after 6 months without personal purchases and will have to reapply.
- c) Should a violation of the sponsor line protection occur, it must be reported in writing within 90 days of the occurrence to be investigated.

## 5. General

The purpose and aim of the PM-International distribution system is to sell PM-International products to end customers. It is therefore expected of each business partner to actively and regularly attend to these customers. If a customer decides to justifiably take advantage of the satisfaction guarantee, the business partner is obliged to either (a) refund the full purchase price, (b) replace the product or (c) offer a voucher for the purchase of another product, AFTER he/she has documented the complaint in writing (also see 1. c). Every business partner is obliged to acquaint the business partners sponsored by him/her with the PM-International distribution system, to train them continually and to motivate them. This may be achieved through own effort and/or by taking advantage of the seminars, which are offered by PM-International in cooperation with the leadership of the business partnerships of PM-International. Every business partner is as such entitled to the commissions set forth in the PM Compensation Model, as long as these total more than \$5. Charging own business partners and business partners of another person's down line an attendance fee for seminars, training sessions, etc. is permitted as long as these fees are used to cover costs. Holding seminars, training sessions, etc. in order to make a profit is against PM-International corporate ethics and is not permitted. Payment of commissions on all paid turnover takes place by the end of the following month. PM calculates the bonus monthly. The Distributor's entitlement to commission is valid with the payment of goods. Additionally and unless otherwise stated in the Distribution partner's rules, the legal regulations apply. Payment of commissions on all turnover is scheduled to take place on the 15th of the following month. The business partner agrees that his/her personal data and any statements made by him/her may be recorded in PM-International's electronic data processing system and may be passed on within PM-International's distribution system. Any privacy laws and laws governing the collection and distribution of personal data apply in all cases.

## 6. Cancellation

Should a violation of the business terms and conditions occur or should a business partner work to harm PM-International in any way, PM-International may terminate this agreement without notice. The place of jurisdiction shall lie with the place of acceptance of the distributor application, which shall in all cases be the registered location of the company.

## 7. Extended Ownership

Provision: All merchandise remains the property of PM-International until paid for in full.

## 8. Sub-Agreements

There are no sub-agreements to this contract. Modifications or supplementations must be made in written form in order to come into force. The same applies to a waiver of the requirement for amendments to be made in written form. Should it at any time become apparent that this contract contains one or more provisions which are invalid or unenforceable, such provision(s) will be enforced to the fullest extent that it/they are valid and enforceable. Such a provision will be enforced in such a manner, which is as close as possible to its original intent. All other provisions of this contract shall remain in full force and effect.